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COMMITTEE ON NATURAL RESOURCES
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Agenda item 13

ADOPTION OF THE REPORT OF THE COMMITTEE ON ITS TWELFTH SESSION

Draft report

Addendum

Rapporteur: Mr. Ioan BARAC (Romania)

Chapter IX

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION (Item 10)

1. The Committee considered item 10 of its agenda at its 5th and 6th meetings on 28 March 1991. It had before it a report of the Administrator of the United Nations Development Programme on the United Nations Revolving Fund for Natural Resources Exploration (DP/1991/44 (Draft)).

2. In his introductory statement, the Director of the United Nations Revolving Fund for Natural Resources Exploration addressed the Committee on recent activities of the Fund. There had been two significant developments during the past two years.

3. The first, regarding donor involvement, was that, in addition to the regular donor countries, the Governments of Belgium, China and Italy now provided regular contributions. The Fund had signed a Memorandum of Understanding with the Ministry of Geology of the Soviet Union for the joint financing of mineral exploration projects in developing countries. The first such joint project would be initiated late in 1991 in Africa. The Government of Norway supported the just-completed study on environmental guidelines for the Fund's project activities. The study involved the participation of experts from the Department of Technical Cooperation for Development, the United Nations Development Programme and the World Bank.

4. Secondly, the Fund had signed an Agreement on Replenishment with the Government of the Philippines, and accordingly had received its first replenishment payment early in 1991. That resulted from the Fund's successful chromite exploration project on Dinagat Island in Surigao, and was one of the most significant and encouraging events in the Fund's history, since it validated the original design of revolvability which the General Assembly established in founding the Fund's activities. Mention was also made of the successful discovery of a high-grade silver deposit in San Bartolome, Ecuador, with the active participation of the Fund.

5. The Committee on Natural Resources addressed the fact that the Revolving Fund had received only one third of the voluntary contributions originally envisioned. None the less, the Fund had succeeded in discovering economic mineral deposits throughout the developing world with an in situ value of approximately $US 1.5 billion. The members of the Committee were reminded that the Fund required continuous donor support until such time as replenishment payments reached a viable level of funding.

6. The donor community was strongly urged to renew its financial assistance to the Fund, since the size of current activities would determine the level of the revolving funds available for underwriting future exploration projects.

7. One delegation expressed its appreciation to the Director of the Fund for his strong leadership and for the effort he had made to promote the projects of the Fund, despite the financial difficulties it had been facing. That delegation noted with great pleasure the first replenishment payment from the Government of the Philippines. It expressed its appreciation of the wider geographical distribution of the Fund's activities and of the fact that they were directed towards exploration for a variety of minerals and energy resources. It also noted the Fund's efforts to streamline and thereby strengthen its management through integration with the management of the United Nations Fund for Science and Technology for Development while at the same time taking care to preserve its own identity and operating procedures. The delegation urged potential donor countries to provide further assistance to the Revolving Fund.

8. Another delegation highly commended the professionalism of the implementation of the Fund's projects. The aforementioned Memorandum of Understanding was noted with great pleasure. Hope was expressed that the cooperation with the Fund to be initiated in the United Republic of Tanzania would extend and strengthen in the future.

9. Another delegation thanked the Administrator of UNDP for his report on the Revolving Fund and stated that it was much encouraged by the progress of the Fund in every aspect of its activities. It hoped that the Directorate of the Fund would disseminate more information about the achievements and experience of the Fund projects in developing countries.